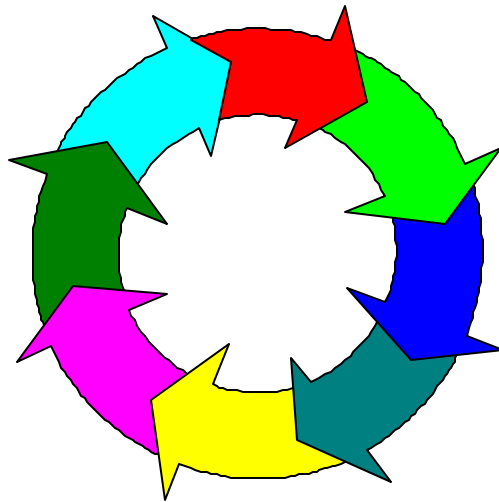


**ALLOCATION OF DNR FUNDS
FOR CROPPING PRACTICES
IN
PRIORITY WATERSHED & LAKES PROJECTS**



**RECOMMENDATIONS FROM THE
CROPPING PRACTICE ALLOCATION WORK GROUP**

June 4, 2002

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Executive Summary

The Wisconsin Department of Natural Resources (DNR) allocates cost-share funding each year to grantees for implementing priority watershed and priority lakes projects. The projected annual amount to be made available for each grantee is known as the Anticipated Cost-Share Reimbursement Amount (ACRA) and is set forth in the Revised Financing Plan for Priority Watershed Projects (*Department of Natural Resources, March 22, 2002*).

Because of recent changes in state-level program appropriations, each ACRA must now be subdivided into two components. The *cropping practice component* covers non-structural management measures, such as conservation tillage and nutrient management that cannot be paid with state bond revenue. The *bond eligible component* covers structural management measures, such as barnyard runoff control systems, that may be paid with state bond revenue. The total amount of funds available to the program for non-structural cropping practices is very limited, requiring an allocation method to fairly distribute the funds.

The purpose of this report is to set forth a methodology for allocating the limited funds available for non-structural cropping practices. The Cropping Practice Allocation Methodology Work Group, including representatives of DNR, DATCP, WLWCA and 5 county land conservation departments, developed the methodology in this report. This method will be used starting in CY 2003. This cropping practice allocation method will be evaluated periodically to determine if changes are needed to improve implementation or effectiveness. Changes may also be required based on significant changes to the current state biennial budget, future state biennial budgets or federal 319 funding policies.

The allocation methodology has two components: 1) Funding Pools and Priorities, and 2) Annual Allocation Method and Adjustment Process.

Funding Pools and Priorities. This component identifies which grantees have access to each of the three funding sources and the order in which access will be provided.

Three funding pools are established. These funding pools are the *state GPR-lakes funding pool*, the *state GPR-general funding pool* and the *federal 319 funding pool*. The state GPR-lakes funding pool includes continuing staffing costs for six Lake District grantees in addition to cropping practice funds for county grantees. If funds remain in a pool after allocations are made to pool members for existing and additional cropping practice commitments, then the remaining funds will be transferred to another pool for allocation in accordance with rules for the fund. The pool designation for each grantee will be modified if necessary to comply with changes in state or federal programs.

Funding priorities are as follows:

- ? The first allocation priority is to cover all existing, unpaid cost-share commitments. Existing commitments unpaid cropping practice obligations on cost-share agreements signed by the landowner/operator prior to September 5, 2001 and by the county committee prior to December 31, 2001. If necessary, DNR will make inter-pool transfers of funds as needed to cover existing commitments. The unpaid commitments are those existing commitments anticipated to be unpaid as of December 31, 2002.
- ? The second priority is to continue lakes staff funding for 6 non-county lakes grantees, who have been funded from the state GPR-lakes pool, much as county staff are funded under chapter ATCP 50. This includes staff funding for Camp-Center Lakes, Fox Lake, Lake Ripley, Muskego Lake, Potters' Lake and Wind Lake.
- ? The third priority should be to allocate funds to provide for additional cropping practice commitments.

Annual Allocation Method and Adjustment Process. This component includes the methodology for dividing the available funds amongst the eligible grantees and a process for re-distributing previously allocated funds from grantees that do not spend their allocations in the year provided to those that identify a need for additional funds.

Each grantee will submit a Joint Grant Application in April to request its ACRA for the following year. The request may include a bonding component, a component to cover existing cropping practice commitments and a component to cover additional cropping practice commitments. DNR will prepare a Preliminary Allocation in August for the following year. After allocating funds to cover existing commitments, DNR will allocate remaining funds amongst pool members to cover additional commitments requested in the Joint Application. Each pool member with an unmet need will receive an equal portion of the remaining funds up to the amount requested. The DNR will present this information to the LWCB as part of the Draft Final Joint Allocation Plan in October. DNR will determine if adjustments are warranted in the allocation for the following year prior to making it final, which occurs in December. The basis for the adjustment is a report to be submitted by the grantee in November that details the amount of underspending for the current year as well as the need for additional funds. DNR will include these adjustments in the Final Joint Allocation Plan presented to the LWCB in December.

DNR will retain grantee transfers as an additional mechanism to maximize expenditure of funds, although transfers are restricted to members of the same funding pool and are also restricted to specific portions of the calendar year. The adjustment process will vary somewhat between even and odd-numbered years. The DNR will make cash advances in odd-numbered years so that the grantee has the entire year to make use of the funds allocated. At the end of the year, unspent advances are subtracted from the next year's allocation.

Background

The Department of Natural Resources (DNR) uses three funding sources to cost-share agricultural best management practices installed in priority watershed projects. These include state bond revenue (state BR), state general purpose revenue (state GPR) and federal Section 319 funds (federal 319). ***The state funding projections used throughout this report are based on the Governor's proposed budget repair bill and may be reduced in the final budget adjustment bill to be enacted by the legislature sometime prior to June 30, 2002 or by other future actions of the legislature. Changes in the federal 319 budget may also occur in future years.***

These funding sources vary significantly in amount, geographic areas where they may be used and the types of management practices they can fund. The following points summarize key provisions concerning use of these funds.

- ? Authorization for state BR for nonpoint sources is projected to be \$9,500,000/year. State BR funds may be used in any priority watershed or priority lake area, but can only be used to fund structural management practices. State BR may not be used to fund non-structural cropping practices (referred to, hereafter in this report, as "cropping practices"). These cropping practices are listed in Appendix A.
- ? State GPR is projected to be \$846,050/year. These funds will be used for cropping practices in accordance with the following:
 - ✍ State law requires that a minimum of \$300,000/year must be spent in priority lake projects.
 - ✍ \$446,050/year will be allocated by the DNR for cropping practices in priority watershed projects.
 - ✍ DNR will use \$100,000/year to fund related program needs; such as cost sharing to landowners to comply with Notices of Discharge issued under Wisconsin Administrative Code Chapter NR 243, real estate appraisals associated with best management practice installation, cultural resources investigations associated with installation of structural practices and other similar activities.
- ? Federal 319 funds total \$2,000,000/year. Federal 319 funds may be used only in selected watersheds agreed upon by the DNR and the United States Environmental Protection Agency (EPA) and will be used to fund cropping practices.

Money from these funding sources provides Anticipated Cost-Share Reimbursement Amounts (ACRAs) for active grantees in the Priority Watershed Program.

Recent changes in state budget appropriations have greatly reduced the DNR's flexibility in managing these funds. This comes at a time when grantee demand is increasing for the state GPR and federal 319 funds that may be used to support non-structural cropping practices.

In mid-calendar year 2001, the DNR concluded that the ACRA for each grantee must be identified as either a) for cropping practices or b) for other practices. Doing so assures that the DNR has sufficient funds to cover non-bond eligible cropping practices and can provide each grantee with information concerning the amount of funding it will have available in the coming year for non-structural cropping practices.

Cropping practices include those agricultural best management practices that cannot be funded with state BR because they are transitory and non-enduring. Examples of cropping practices that may not be funded with state BR include nutrient management, conservation tillage and contour plowing. A complete list of these practices is identified in Appendix A. The cropping practices can only be funded with state GPR and federal 319 funds. Since these funds are in short supply, an allocation method is needed to determine how much of these funds each grantee can have.

To implement this conclusion, an allocation methodology is needed to determine how much of the funding for cropping practices (state GPR and federal 319) each grantee will have. DNR informed the Wisconsin Land and Water Conservation Board (LWCB) in June 2001 of its intent to unilaterally develop and apply a method to allocate cropping practice funds for Calendar Year 2002. For 2002, the DNR developed ACRA sub-components for bonding and cropping practices in the *Calendar Year 2002 Final Joint Allocation Plan*. The LWCB recommended in October 2002 that DNR and DATCP Secretaries approve this plan. DNR also informed the LWCB of its intent to convene a work group of program partners to develop a methodology to use in Calendar Year 2003 and beyond. In December 2001, the DNR convened the work group, which completed its committee work on February 12, 2002. Appendix B summarizes the work group membership and role, schedule, mission, sideboards, guiding principles and ground rules. This report reflects the recommendations of that group. DNR has accepted the recommendations of the work group contained in this report.

Recommended Allocation Methodology

The recommendations from the Cropping Practice Allocation Work Group contained in this section comprise the methodology for allocating DNR funds to grantees for cropping practices. The “cropping practice component” and the “bond-eligible component” of the annual ACRA make up a grantee’s “total annual ACRA.” The total annual ACRA for each grantee is presented Revised Financing Plan for Priority Watershed Projects (*Department of Natural Resources, March 22, 2002*) and will not be addressed further in this report.

The recommended allocation methodology has two components:

1. ***Funding Pools and Priorities.*** This component identifies which grantees have access to each of the three funding sources (state GPR-general, state GPR-lakes, federal 319) and the order in which access will be provided.
2. ***Annual Allocation Method and Adjustment Process.*** This component includes the methodology for dividing the available funds amongst the eligible grantees and a process for re-distributing previously allocated funds from grantees that do not spend their allocations in the year provided to those that identify a need for additional funds.

Funding Pools and Priorities

Not all grantees have access to all funding pools. Federal 319 funds can only be used in projects specifically approved by the US EPA. State GPR funding can be used anywhere, but at least \$300,000 per year must be used in priority lake projects. A strategy is needed that recognize these differences.

Funding Pools

The work group recommended that three funding pools be established. These funding pools are the *state GPR-lakes funding pool*, the *state GPR-general funding pool* and the *federal 319 funding pool*. Each funding pool describes the funding source and the grantees that will have access priority to the funds in that pool. If funds remain in a pool after allocations are made to pool members for existing and additional cropping practice commitments, then the remaining funds should be transferred to another pool for allocation in accordance with rules for the fund.

The three recommended funding pools and their memberships are included in Appendix C. In making assignments, grantees eligible for assignment to both a *state GPR funding pool* and the *federal 319 funding pool* were assigned to a *state GPR funding pool* to even out as much as possible the demand and supply related to existing commitments for each pool. The following is important additional information about these funding pools.

State GPR-Lakes Funding Pool. This funding pool includes the counties and lake districts shown in Appendix C that will use these funds for cropping practices. In addition, there are other expenses that should be covered from this pool.

- ? There are six lake district grantees not shown in Appendix C that rely on continuing support from the DNR to cover a portion of their staffing costs for work in priority lake projects. These grantees require access to the funds in this pool to cover on-going staff support costs. Currently, the funding needed to cover lake district staffing is as follows:
 - ⌞ \$125,350 to cover staffing for 6 lake districts in each of three calendar years, CY 2003-2005
 - ⌞ \$103,650 to cover staffing for 2 lake districts in CY 2006
 - ⌞ \$56,300 to cover staffing for 1 lake district in CY 2007
- ? If funds are left over in this pool after all allocations have been made for existing cropping practices, additional cropping practices and lake district staffing, then remaining funds will be used to cover eligible Targeted Runoff Management project costs for projects located within priority lake project areas.

This strategy will be used until the entire \$300,000 per year is allocated for lakes projects as required by the state law.

Amount Available per Pool Member. The number of grantees in each pool will decrease over time as projects end. If the funds available to each pool remain stable in future budgets, then the amount available per pool member will increase over time.

Exception Relating to Existing Commitments. Prior to determining how much funding is available in each funding pool to cover additional commitments, the Department should do everything possible to cover existing program commitments in accordance with the funding priorities discussed in the next section of this report. This includes transferring funds between funding pools, as long as the transfers are in accordance with rules for use of the funds.

Note: For example, federal 319 funds may not be used outside of designated areas, at least \$300,000 per year of state GPR must be used in priority lakes areas and state GPR-general funds may be used anywhere.

In order to cover existing commitments for CY 2003, DNR will have to transfer approximately \$170,000 from the state GPR-general funding pool to the federal 319 funding pool to cover existing commitments. Based on current funding projections, this type of transfer should not be needed after CY 2003 as there should be sufficient funds in each pool to cover existing commitments for pool members.

Potential Changes in Pool Designation. The pool designation for current federal 319 grantees will change if necessary to comply with changes in federal funding policies. If a grantee currently designated to be a member of the *federal 319 funding pool* must be removed from that pool, the grantee will be re-assigned to the *state GPR-general funding pool*. If the requirement to spend a minimum of \$300,000 state GPR on lakes projects is eliminated, then the *state GPR-lakes funding pool* and the *state GPR-general funding pool* will be combined and funding for lakes staffing will retain its priority.

Funding Priorities

- ? The first allocation priority is to cover all existing cost-share commitments. Existing commitments are unpaid cropping practice obligations on cost-share agreements signed by the landowner/operator prior to September 5, 2001 and by the county committee prior to December 31, 2001. Grantees were informed October 10, 2001 that commitments signed after these dates would not be guaranteed.
- ? The second priority is to continue lakes staff funding for 6 non-county lakes grantees, who have been funded from the state GPR-lakes pool, much as county staff are funded under chapter ATP 50. This includes staff funding for Camp-Center Lakes, Fox Lake, Lake Ripley, Muskego Lake, Potters' Lake and Wind Lake.
- ? The third priority is to allocate funds for additional cropping practice commitments. This includes new cost share agreements and amendments to existing agreements.

Annual Allocation Method and Adjustment Process

Table 1 summarizes the allocation methodology and process for incorporating this methodology into the joint allocation process. The text following Table 1 provides important information about each step.

Table 1. Summary of Recommended Allocation and Adjustment Process

Step Number	Step Deadline	Description of Step	Step Occurs in Even Years	Step Occurs in Odd Years
1	Jan. 1	Cropping practice ACRA is available for use in the current year.	X	X
2	Jan. 1	Calendar year period starts for grantees to transfer cropping ACRA's.	X	X
3	Apr. 15	Joint Grant Application submitted by grantees to DNR & DATCP for the following year.	X	X
4	June 1	This is the deadline for DNR approval of cropping practice ACRA transfers between grantees.		X
5	June 30	DNR calculates cropping practice advances for each grantee and issues checks for grantees in state GPR funding pools.		X
6	Aug. 7	DNR & DATCP present the Preliminary Joint Allocation Plan for the following year's grants to the LWCB. Plan includes allocations for existing commitments and partial allocations, based on state budget, for additional commitments. At this point, the plan does not include additional allocations available from underspending in current year.	X	X
7	Oct. 7	DNR & DATCP present the Draft Final Joint Allocation Plan for the following year's grants to the LWCB. The plan includes the same level of information as the Preliminary Plan.	X	X
8	Nov. 1	This is the deadline for DNR approval of cropping practice ACRA transfers between grantees.	X	
9	Nov. 15	This is the deadline for cropping practice reimbursement requests to be charged against the current year's cropping practice ACRA. This is also the deadline for grantees to submit cropping practice grant fund balance reports to DNR covering the prior 10 months.	X	X
10	Nov. 21	DNR calculates the total amount of underspending to be reallocated and the additional allocations for each grantee.	X	X
11	Dec. 7	DNR presents final cropping practice allocations for following grant year to the LWCB as part of the Final Joint Allocation Plan.	X	X
12	Dec. 31	Deadline for DNR and DATCP Secretaries to sign Final Joint Allocation Plan.	X	X

Steps 1 and 2

January 1st starts the 10-month period during which the cropping practice ACRA can be used. It also starts the period during which transfers may be made between grantees in the same funding pool.

Transfers. This on-going process is grantee-initiated, as desired, to re-distribute funds. Transfers may only be made between grantees in the same funding pool. The specific procedures for notifying the DNR and obtaining DNR approval of the transfers are set forth in annual Joint

Allocation Plans. The CY 2002 Final Joint Allocation Plan currently allows transfers statewide between any grantees. Future Plans will restrict the transfer to members of the same pool.

Step 3

April 15th is the Joint Application submittal deadline. Grantees must ask for their Total ACRA and the 3 ACRA components: 1. existing cropping practice component, 2. additional cropping practice component, and 3. bond revenue component.

Step 4

Grantees may continue the option of transferring cropping practice ACRA to other grantees. Grantees may only transfer cropping practice ACRA funds to other members of their funding pool, as identified in Appendix C. June 1st is the deadline in odd-numbered years for DNR approval of transfers negotiated during the previous 5 months. Transfers must be approved by this date in odd-numbered years so that DNR can determine the advance amount for each grantee.

Step 5

Currently, state GPR funds are provided to DNR under a non-continuing appropriation. Unless state GPR funds are committed by the end of the biennium (June 30th of odd-numbered years), the funds will lapse and may never be used to support cropping practices. DNR will calculate the portion of the cropping practice ACRA that has not been spent prior to mid-June and will advance the balance by sending a check to the grantee. The grant advance will be available to the grantee for supporting payments to landowners from July 1st through November 15th. Advances will only be used for grantees in the state GPR-general or state GPR-lakes funding pools.

Step 6

Based on projected funding in the state budget and federal 319 grant, DNR will develop preliminary allocations for cropping practices and include these in the Preliminary Joint Allocation Plan. The preliminary plan will allocate funding for existing commitments and additional commitments using new funds available through the biennial budget. Note that additional funding, based on underspending in the current year (this can be thought of as old money), will be quantified and re-allocated in late November.

Existing Commitments. In order to determine the budget needed to cover existing, unpaid cropping practice commitments, the DNR conducted a survey of grantees in 2002 with input and assistance from the Cropping Practices Allocation Work Group members. Appendix C shows the amount of cropping practice ACRA needed by each grantee to meet existing commitments.

Each grantee will have the opportunity to apply for cropping practice funds sufficient to cover these existing commitments in the year shown. Based on projected budgets, there will be sufficient funds to cover existing commitments in every year shown, although a transfer of \$170,000 from the state GPR-general funding pool to the federal 319 funding pool will be

needed to cover existing commitments in CY 2003. If actual budgets are less than projected, the allocations in Appendix C will be reduced proportionately.

Although these funds are intended to cover existing, unpaid commitments, the grantee will have flexibility to use these funds to cover additional commitments if for some reason the existing obligation is terminated or satisfied at reduced cost. These funds are only good in the amounts for the years shown. Funds not spent in the year for which they are provided will be reallocated as described in Steps 10 and 11.

Additional Commitments. If funds remain in the funding pool after allocations are made for existing commitments and lakes staffing, then the method described below will be used to allocate funds for additional cropping practice commitments. These funds are only good in the amounts for the years shown. Funds not spent in the year for which they are provided will be reallocated as described in Steps 10 and 11. The four-step allocation method summarized below will be used to determine how much each grantee will be offered in the Preliminary Joint Allocation Plan.

1. Grantees request funds for additional commitments as part of the Joint DATCP/DNR Grant Application submittal.
2. DNR places the grantee in the appropriate funding pool and ranks the requests for pool members. The requests are ranked from the highest amount requested for additional commitments to the lowest amount requested for additional commitments.

For each pool member, the DNR determines an average amount that will be made available to each pool member. The average is calculated by dividing the amount of funds available to the pool by the number of active pool members.

3. DNR allocates to each pool member the lesser of the average amount or the actual request as submitted by the member in the Joint Application. Any funds remaining after this step (this will happen if grantees request less than the average) will be allocated by repeating this process. The process is repeated until funds are all allocated.

Step 7

DNR will not have any additional information about underspending prior to developing the Draft Final Joint Allocation Plan. Consequently, this draft of the plan will include the same information about cropping practices as the previous, preliminary version of the plan.

Step 8

This deadline is needed so that DNR can identify the amount of underspending that can be reallocated to grantees. In even-numbered years, all cropping practice ACRA transfers must be approved by this date.

Step 9

This deadline is needed so DNR can identify the amount of underspending that can be reallocated to grantees. Any reimbursement request for cropping practices to be funded from the current year's ACRA must be submitted to DNR by this date. All transfers must be completed by this date as well.

Step 10

This step allows the DNR to reallocate funds that are not being spent. The reallocation methodology is the same as that used under Step 6 for additional commitments. All grantees can apply by November 15th for funding from this reallocation fund, including grantees that had underspending used to contribute to the reallocation fund.

In odd-numbered years, the amount that DNR will remove from each grantee's cropping practice ACRA to place in the reallocation fund will essentially be the amount of advance monies remaining after November 15th. In even-numbered years, this amount that will be removed from the ACRA and placed in the reallocation fund will be determined as follows:

$$\text{Amount Removed} = A + B - (C+D)$$

Where:

A = cropping practice allocation in the Final Joint Allocation Plan for the current year

B = funds transferred in from another grantee for use in the current year

C = funds transferred out to another grantee for use in the current year

D = reimbursements made and reported to DNR by November 15.

Steps 11 and 12

This version of the Joint Final Allocation Plan includes amounts reallocated under Step 10. The LWCB will be asked to recommend adoption of this plan. Once the DNR and DATCP Secretaries sign the plan, it can be implemented.

Program Changes Required to Implement the Recommended Allocation Methodology

This methodology would be used to calculate cropping practice allocations starting with CY 2003. This includes submittal by November 15th of county spending reports (Step 10) and DNR reallocation of underspending from CY 2002 to grantees for use in CY 2003 (Steps 11 and 12).

This methodology requires several important changes to current program financial management.

- ? The cropping practice allocations in the Preliminary Joint Allocation Plan presented to the LWCB in August and the Draft Final Joint Allocation Plan presented to the LWCB in October would include preliminary cropping practice allocations based only on existing commitments and new money available from the state budget. The Final Joint Allocation Plan presented to the LWCB in December would include adjustments to the preliminary cropping practice allocations based on reallocation of underspending from the prior 10 months.
- ? Additional grantee reporting is required. In addition to end-of-year reimbursement report deadlines (January 31st for the preceding calendar year) currently in effect, several reporting changes will be needed.
 - ✍ In even-numbered years:
 - ? Grantee transfers of cropping practice funds may only take place during the first 10 months of the calendar year. The deadline for DNR approval of these cropping practice transfers for a calendar year will be November 1st of the same calendar year.
 - ? Grantees must submit to DNR a financial activity summary for the first 10 months of the calendar year. The reports will also be due by November 1st of the same calendar year.
 - ? Any cropping practice payments to landowners not included in the report due November 1st will be deducted from the following year's cropping practice ACRA.
 - ✍ In odd-numbered years:
 - ? Grantee transfers of cropping practice funds may only take place during the first 5 months of the calendar year. The deadline for DNR approval of these cropping practice transfers for a calendar year will be June 1st of the same calendar year.
 - ? Grantees must submit to DNR a financial activity summary for the first 10 months of the calendar year. The reports will also be due by November 1st of the same calendar year.
 - ? Any cropping practice payments to landowners not included in the report due November 1st will be deducted from the following year's cropping ACRA.
- ? Transfers of cropping practice ACRA's must be limited to members of the same funding pool. This will require an amendment to the current cropping practice transfer policies.

- ? Grantees must submit more detailed information when requesting ACRA funding under the Joint DNR/DATCP Grant Application. The request must include several components including a bonding component, a cropping practice component for existing commitments and a cropping practice component for additional commitments.

Note: The *Joint DATCP/DNR Grant Application for CY 2003* was modified to require that each ACRA request be subdivided into these components.

Allocation Method Evaluation and Adjustment

This cropping practice allocation method will be evaluated periodically to determine if changes are needed to improve implementation or effectiveness. Changes may also be required based on significant changes to the current state biennial budget, future state biennial budgets or federal 319 funding policies.

Useful Terms

Additional cropping practice commitments: Commitments added to existing or new cost-share agreements when the landowner/operator or governmental unit has signed the agreement or amendment after the deadline for existing commitments.

Annual allocation method: The method used by the DNR to determine how much funding for cropping practices it will offer to each program grantee for the following year. The method is used to prepare the preliminary allocation as well as to make any allocation adjustments used in preparing the final allocation.

Annual allocation adjustment process: A process whereby the preliminary allocation is adjusted to reflect additional funds made available from underspending by program grantees.

Anticipated cost share reimbursement amount (ACRA): The total ACRA, identified in the Revised Financing Plan for Priority Watershed Projects (*Department of Natural Resources, March 22, 2002*), for both cropping practices and bond-eligible practices.

Biennial budget appropriation: The funding provided by the state legislature to the DNR to support its programs. Each biennium is 24 months long, starts July 1st of an odd-numbered year (e.g. July 1, 2001) and ends June 30th of the next odd-numbered year (e.g. June 30, 2003).

Bond eligible component: That portion of the ACRA that may be used by the grantee to provide cost sharing for structural BMPs. By law, this component of the ACRA cannot be used by a grantee to provide cost sharing for cropping practices.

Cash advance: Funds provided by check to a grantee in June of odd-numbered years in anticipation the funds will be used prior to the end of the calendar year.

Cropping practices: Non-structural cropland management practices that do not meet the legal test that would allow cost sharing with bond revenue. These practices are identified in Appendix A of this report.

Cropping practice component: That portion of the ACRA that may be used by the grantee to provide cost sharing for cropping practices. Under program funding guidelines, this component of the ACRA cannot be used by a grantee to provide cost sharing for other than these practices.

CY: Calendar Year (January 1 – December 31).

DNR/DATCP joint allocation plan: The plan prepared jointly by DNR and DATCP under ss. 281.65 and 92.14, Stats., that contains funding allocations to counties for use in the following calendar year.

DNR/DATCP joint application: The application prepared jointly by DNR and DATCP under s. 92.14, Stats., for submittal by grantees to request program funds for the following year.

Information submitted by grant applicants is used as a basis for preparing the preliminary allocation of funds for cropping practices and the draft DNR/DATCP Joint Allocation Plan.

Draft joint allocation plan: The first public draft of the DNR/DATCP Joint Allocation Plan that is presented in August to counties and the Wisconsin Land and Water Conservation Board for subsequent discussion. This draft contains the preliminary allocation of funds for cropping practices.

Draft final joint allocation plan: The second draft of the DNR/DATCP Joint Allocation Plan that is presented in October to counties and the Wisconsin Land and Water Conservation Board for subsequent discussion. This draft may contain some modifications to the preliminary allocation of funds for cropping practices based on county and LWCB input.

Existing cropping practice commitments: Commitments on cost-share agreements or amendments that were signed by the landowner/operator on or before September 5, 2001 and by the governmental unit on or before December 31, 2001.

Federal Section 319 funds: Funding provided to DNR by the US EPA under Section 319 of the federal Clean Water Act for use in priority watershed and lakes projects. These funds may be used to fund cropping practices.

Final cropping practice allocation: The preliminary cropping practice allocation as amended by allocation adjustments.

Final joint allocation plan: The DNR/DATCP Final Joint Allocation Plan that is signed by the DNR and DATCP Secretaries by December. The final version reflects end-of-year adjustments, including addition of funds based on reallocation of underspending from other grantees as well as subtraction of funds based on grantee underspending.

Funding pool: A group of grantees that share access to a common funding source such as state GPR or federal 319.

Lakes staff funding: Funding for staff, staff support and information & education provided to lake district grantees in priority watershed and lake projects.

Non-continuing appropriation: An appropriation from which funds are lost unless committed by a certain date.

Preliminary cropping practice allocation: The allocation of cropping practice funds that will become available for use in the following year. This allocation does not contain adjustments based on underspending.

Priority lake and watershed project: A project identified under s. 281.65 (3m), Stats.

Reallocation: A process by which funds that are not spent during the calendar year are distributed to grantees, using the allocation method.

State bond revenue: Funding provided by the legislature to the DNR through the sale of bonds and which DNR uses to support grantee cost-share agreements. State and federal law restricts the use of these funds to structural best management practices.

State general purpose revenue: Funding provided by the legislature to DNR through the collection of general revenue such as income taxes and which DNR uses to support grantee cost-share agreements. These funds are used primarily to provide cost sharing for cropping practices.

Targeted runoff management projects: Projects selected under s. 281.65 (4c), Stats.

Transfers: A process by which one or more grantees, with the approval of DNR, enter into a voluntary joint agreement that transfers ACRA funds from one grantee to another according to transfer rules set forth in the DNR/DATCP Joint Allocation Plan.

Underspending: This occurs when a grantee submits reimbursement requests to DNR for less than the amount available the grantee for use during a specified period. Underspending considers funds allocated by DNR, funds transferred to and from other grantees and funds reimbursed to landowners. DNR reallocates underspending and incorporates the results into the final allocation plan.

Unpaid commitments: Commitments on signed cost-share agreements that have not been reimbursed to the landowner by the governmental unit.

Appendix A

Cropping Practices to be Funded in Priority Watershed and Lake Projects with State General Purpose Revenue and Federal 319 Funds

C1 - Contour Farming
C2 - Contour & Field Stripcropping
C7 - High Residue Management (includes old C8 & C9)
C10 - Cropland Protection Cover (Green Manure)
M5 - Nutrient Management
M6 - Pesticide Management
L5 - Intensive Grazing -- "soft" practices
S10 - Special Infield Buffers -- **without** 15-year O&M
S11 - Special Site Specific Nutrient Management
S12 - Special Manure Brokering
S14 - Special Manure Spreading
S17 - Cropland Incentive Payments

Appendix B

Cropping Practice Allocation Methodology Work Group

Note: The information contained in this appendix was provided to the work group prior to its first meeting.

Membership:

1. DNR Nonpoint staff – John Pfender, Co-Chair
2. DNR CFA staff – Tim Parsons, Co-Chair
3. DNR Regional Nonpoint Coordinator – Terry Kafka
4. DATCP staff – Carol Nelson
5. West Central Region – Tim Popple (St. Croix)
6. Northern Region – Paula Carow (Rusk)
7. Northeast Region – Suzan McBurney (Outagamie)
8. Southeast Region – Chuck Seeger (Racine)
9. South Central Region – Tom Sweeney (Rock)
10. WLWCA representative – Rebecca Baumann

Corinne Billings, DNR Nonpoint Implementation Coordinator, will serve as the coordinator/staff for the work group. Gail Puzach, DNR Water Resources Engineer, will facilitate each meeting.

Meeting Dates & Locations:

- ? All meetings will be held from **9 a.m. to 3 p.m.** at the Schmeeckle Reserve Visitor Center in Stevens Point near the UW campus.
- ? Please mark your calendar. The work group will meet on the following days:
 - ✍ **Thursday, December 13, 2001**
 - ✍ **Tuesday, January 15, 2002**
 - ✍ **Thursday, January 31, 2002**
 - ✍ **Tuesday, February 12, 2002**
- ? DATCP has agreed to distribute grant applications to counties on March 1st instead of January 31st and move the grant return deadline from April 15th to May 1st. This will allow DNR and DATCP to reflect the work group's recommendations in the application materials. This will also give counties 2 months to complete the application forms.

Proposed Process Timeline:

- ? DEC 2001: Inform the **LWCB** at its December meeting of work group strategy. Hold 1st work group meeting.
- ? JAN 2002: Hold 2nd and 3rd work group meetings.
- ? FEB 2002: Work group completes allocation methodology at 4th meeting; DNR incorporates it into CY 2003 grant applications; inform **LWCB** at its February meeting of work group progress.
- ? MAR 2002: Send CY 2003 grant applications to the counties by March 1st.
- ? APR 2002: Present the methodology as an informational item for discussion at the **LWCB** meeting.

- ? MAY 2002: Counties return completed applications; postmark deadline = May 1st.
- ? JULY 2002: Use the methodology to determine the CY 2003 *Preliminary Joint Allocation Plan*.
- ? AUG 2002: Present the CY 2003 *Preliminary Joint Allocation Plan* at the August **LWCB** meeting. Distribute plan to counties and other interested parties.
- ? OCT 2002: Seek **LWCB** recommendation to approve the CY 2003 *Final Joint Allocation Plan* at October LWCB meeting.

DNR Role in the Work Group:

- ? DNR provides sideboards and basic information regarding funding.
- ? DNR provides draft ground rules and proposed decision-making criteria.
- ? The work group reviews and refines the decision-making criteria.
- ? The work group develops the allocation methodology.

Work Group Charge

- A. To develop a method for distributing funds to existing, eligible priority watershed grantees for the reimbursement of cropping practices.
- B. To present methodology to the LWCB at its April 2002 meeting.

Ground Rules for Operation of the Work Group

- ? Start and end on time.
- ? Only one speaker at a time; no side conversations.
- ? All ideas are worth hearing.
- ? Everyone contributes.
- ? DNR will e-mail draft minutes of all meetings to all Priority Watershed grantees within 2 working days of the end of each meeting; LWCB members will be sent minutes by e-mail or USPS.
- ? Work group will operate under consensus approach. If group cannot reach consensus, majority rules with minority opinion documented. Consensus here means everyone can “live with” the decision.
- ? All meetings will be facilitated. A “Parking Lot” will be used to record issues not strictly related to this topic.
- ? Each county representative of the work group will serve as a liaison between counties in his/her region and the work group.

DNR Sideboards

- ? Funds for cropping practices are a subset of the approved Anticipated Cost-share Reimbursement Amount (ACRA) assigned to each grantee with a Priority Watershed project.
- ? No additional ACRA will be provided to a Priority Watershed grantee beyond the present end-date of each Priority Watershed project.
- ? Budgets are set by the legislature.
- ? For the purposes of this work group, the DNR presumed that the available amount of GPR and Section 319 funds for allocation will not increase in future years.
- ? The work group should consider what will be done if the available amount of GPR and Section 319 funds are reduced in future years.
- ? Reduction in funding, if necessary, will be applied to all eligible grantees in an equitable manner.

- ? DNR staff will draft the preliminary report for review by the work group.
- ? Existing cost-share agreements (09/05/01 or before) must be honored.
- ? The methodology developed by the work group must be independent of how much funding is available.
- ? The methodology developed by the work group should be flexible enough to accommodate changing circumstances within existing Priority Watershed projects.
- ? The methodology developed by the work group shall apply to grant years 2003-2009.
- ? The DNR may withhold funds for other purposes, such as Notices of Discharge issued under ch. NR 243 and Targeted Runoff Management Grants issued under s. 281.65, Stats.

Guiding Principles – The process developed should:

- ? Be as simple and understandable as possible.
- ? Provide adequate and consistent amounts of cost sharing for cropping practices to all eligible counties.
- ? Be defensible.
- ? Maintain the integrity and success of the Priority Watershed program.
- ? Allow for an orderly transition period.
- ? Be easily administered by DNR.

APPENDIX C
SUMMARY OF EXISTING CROPPING PRACTICE COST-SHARE COMMITMENTS
REPORTED BY GRANTEES TO DNR FOR CY 2003 - 2009

Grantee Name and Priority Watershed Code		Project		Crop Practice	Estimated Annual Budget Needed						
		End	Allocation	ACRA	To Install Unpaid Cropping Practice Commitments (1.)						
		Date	Pool	2002	2003	2004	2005	2006	2007	2008	2009
Bayfield	WTC	2006	State GPR-General	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Marinette	MPT	2009	State GPR-General	\$8,158	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Pierce	KNC	2009	State GPR-General	\$5,514	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Polk	OSC	2007	State GPR-General	\$2,547	\$2,600	\$0	\$0	\$0	\$0	\$0	\$0
Portage	WPC	2007	State GPR-General	\$52,546	\$15,398	\$15,398	\$15,398	\$15,398	\$0	\$0	\$0
Rock	SPC	2004	State GPR-General	\$4,448	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Rusk	SMH	2007	State GPR-General	\$2,500	\$0	\$0	\$0	\$0	\$0	\$0	\$0
St. Croix	KNC	2009	State GPR-General	\$49,800	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Waupaca	LLW	2008	State GPR-General	\$141,672	\$121,000	\$121,000	\$115,000	\$109,000	\$103,500	\$98,300	\$0
Waupaca	WPC	2006	State GPR-General	\$53,950	\$50,000	\$45,000	\$20,000	\$5,000	\$0	\$0	\$0
Pool Subtotal				\$321,135	\$188,998	\$181,398	\$150,398	\$129,398	\$103,500	\$98,300	\$0
Burnett	BIG	2009	State GPR-Lakes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Camp-Cntr. LMD	CCL	2007	State GPR-Lakes	\$10,270	\$3,595	\$1,530	\$325	\$0	\$0	\$0	\$0
Columbia	YME	2008	State GPR-Lakes	\$6,200	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Dane	YME	2008	State GPR-Lakes	\$4,127	\$1,181	\$0	\$0	\$0	\$0	\$0	\$0
Douglas	USC	2008	State GPR-Lakes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Jefferson	ROC	2004	State GPR-Lakes	\$0	\$3,044	\$2,169	\$0	\$0	\$0	\$0	\$0
Marinette	MIN	2006	State GPR-Lakes	\$1,636	\$159	\$1,252	\$5,056	\$0	\$0	\$0	\$0
Monroe	LTM	2002	State GPR-Lakes	\$325	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Polk	HSC	2009	State GPR-Lakes	\$18,186	\$16,000	\$0	\$0	\$0	\$0	\$0	\$0
Ripley LMD	LRP	2006	State GPR-Lakes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Saint Croix	SCL	2008	State GPR-Lakes	\$20,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Vernon	HIL	2005	State GPR-Lakes	\$0	\$750	\$750	\$1,100	\$0	\$0	\$0	\$0
Waukesha	MWL	2005	State GPR-Lakes	\$4,743	\$3,975	\$0	\$0	\$0	\$0	\$0	\$0
Pool Subtotal				\$65,487	\$28,704	\$5,701	\$6,481	\$0	\$0	\$0	\$0

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Grantee Name and Priority Watershed Code		Project		Crop Practice	Estimated Annual Budget Needed						
		End	Allocation	ACRA	To Install Unpaid Cropping Practice Commitments (1.)						
		Date	Pool	2002	2003	2004	2005	2006	2007	2008	2009
Adams	NEE	2002	Federal 319	\$41,372	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Barron	YEL	2004	Federal 319	\$1,675	\$3,600	\$1,200	\$0	\$0	\$0	\$0	\$0
Brown	BRB	2006	Federal 319	\$137,824	\$155,516	\$123,800	\$115,200	\$103,620	\$0	\$0	\$0
	DAA	2008	Federal 319	\$52,946	\$206,661	\$186,819	\$158,074	\$126,634	\$71,133	\$49,573	\$0
	EAS	2002	Federal 319	\$327,300	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	RLS	2007	Federal 319	\$27,832	\$52,160	\$32,300	\$32,500	\$28,000	\$23,230	\$0	\$0
Buffalo	MTR	2004	Federal 319	\$0	\$1,650	\$0	\$0	\$0	\$0	\$0	\$0
Calumet	WNE	2003	Federal 319	\$1,800	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Chippewa	DUN	2005	Federal 319	\$63,265	\$60,000	\$60,000	\$60,000	\$0	\$0	\$0	\$0
Clark	UYL	2004	Federal 319	\$2,033	\$17,293	\$12,206	\$0	\$0	\$0	\$0	\$0
Columbia	BDR	2005	Federal 319	\$4,831	\$0	\$1,086	\$675	\$0	\$0	\$0	\$0
	NEE	2005	Federal 319	\$1,981	\$2,875	\$0	\$0	\$0	\$0	\$0	\$0
Dane	DLP	2004	Federal 319	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Dodge	BDR	2005	Federal 319	\$143,035	\$114,000	\$114,000	\$114,000	\$0	\$0	\$0	\$0
Door	RLS	2007	Federal 319	\$38,166	\$45,658	\$41,210	\$31,814	\$17,580	\$15,264	\$0	\$0
Dunn	SFH	2005	Federal 319	\$108,021	\$106,000	\$108,000	\$110,000	\$0	\$0	\$0	\$0
Fond du Lac	FDL	2009	Federal 319	\$118,108	\$255,137	\$255,137	\$212,693	\$204,925	\$207,561	\$212,693	\$203,139
	SHB	2002	Federal 319	\$11,993	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	WNE	2004	Federal 319	\$1,682	\$10,000	\$10,000	\$0	\$0	\$0	\$0	\$0
Grant	LGR	2002	Federal 319	\$11,521	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Green	LEP	2002	Federal 319	\$916	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Jackson	UTR	2006	Federal 319	\$1,402	\$5,000	\$5,000	\$4,000	\$3,000	\$0	\$0	\$0
Kewaunee	RLS	2007	Federal 319	\$1,883	\$2,712	\$3,273	\$2,035	\$2,035	\$758	\$0	\$0
Lafayette	LEP	2003	Federal 319	\$13,719	\$11,625	\$2,050	\$0	\$0	\$0	\$0	\$0
Langlade	SPR	2008	Federal 319	\$20,200	\$15,000	\$15,000	\$11,000	\$11,000	\$11,000	\$10,800	\$0
Manitowoc	BRB	2007	Federal 319	\$54,705	\$68,143	\$47,157	\$34,461	\$34,029	\$26,604	\$0	\$0
	PIG	2009	Federal 319	\$8,523	\$14,559	\$10,291	\$7,963	\$8,468	\$4,762	\$2,131	\$0
	SHB	2002	Federal 319	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

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Grantee Name and Priority Watershed Code	Project	Estimated Annual Budget Needed									
		End	Allocation	ACRA	To Install Unpaid Cropping Practice Commitments (1.)						
		Date	Pool	2002	2003	2004	2005	2006	2007	2008	2009
Marathon	LBE	2002	Federal 319	\$11,355	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	LRR	2009	Federal 319	\$12,709	\$52,948	\$52,948	\$52,948	\$52,948	\$52,948	\$52,948	\$52,948
	UYL	2004	Federal 319	\$53	\$1,000	\$1,000	\$0	\$0	\$0	\$0	\$0
Marquette	NEE	2005	Federal 319	\$41,698	\$3,756	\$0	\$0	\$0	\$0	\$0	\$0
Monroe	MKR	2003	Federal 319	\$3,927	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Oconto	PEN	2008	Federal 319	\$45,640	\$53,500	\$47,800	\$46,475	\$45,050	\$31,510	\$30,160	\$0
Outagamie	ARD	2003	Federal 319	\$60,730	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	DAA	2009	Federal 319	\$104,324	\$234,601	\$194,011	\$187,854	\$98,813	\$26,715	\$20,000	\$20,000
Ozaukee	CCK	2003	Federal 319	\$8,185	\$590	\$0	\$0	\$0	\$0	\$0	\$0
	MRS	2003	Federal 319	\$9,686	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Polk	BAL	2006	Federal 319	\$5,640	\$4,900	\$0	\$0	\$0	\$0	\$0	\$0
Racine	SHC	2006	Federal 319	\$3,905	\$6,590	\$6,590	\$0	\$0	\$0	\$0	\$0
Richland	MKR	2004	Federal 319	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Saint Croix	SFH	2005	Federal 319	\$51,418	\$50,697	\$50,697	\$0	\$0	\$0	\$0	\$0
Sauk	DEL	2009	Federal 319	\$564	\$2,190	\$1,000	\$1,000	\$1,000	\$1,000	\$0	\$0
	NBR	2004	Federal 319	\$2,607	\$55,900	\$55,900	\$0	\$0	\$0	\$0	\$0
Shawano	PEN	2007	Federal 319	\$60,245	\$57,498	\$52,543	\$50,226	\$49,415	\$34,560	\$0	\$0
Sheboygan	PIG	2009	Federal 319	\$0	\$1,024	\$550	\$1,550	\$0	\$0	\$0	\$0
	SHB	2003	Federal 319	\$4,939	\$2,410	\$0	\$0	\$0	\$0	\$0	\$0
Trempealeau	MTR	2004	Federal 319	\$411	\$14,322	\$19,531	\$0	\$0	\$0	\$0	\$0
	UTR	2005	Federal 319	\$448	\$1,334	\$1,206	\$2,702	\$0	\$0	\$0	\$0
Vernon	MKR	2004	Federal 319	\$0	\$8,500	\$0	\$0	\$0	\$0	\$0	\$0
Walworth	SHC	2008	Federal 319	\$78,809	\$76,040	\$36,000	\$0	\$0	\$0	\$0	\$0
Washington	CCK	2004	Federal 319	\$5,609	\$30,000	\$30,000	\$0	\$0	\$0	\$0	\$0
Waukesha	UFR	2005	Federal 319	\$12,810	\$1,637	\$0	\$0	\$0	\$0	\$0	\$0
Waushara	PWR	2009	Federal 319	\$93,333	\$225,604	\$200,900	\$125,698	\$50,143	\$0	\$0	\$0
Winnebago	ARD	2004	Federal 319	\$94,771	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	FDL	2009	Federal 319	\$38,946	\$64,177	\$64,177	\$39,110	\$39,110	\$6,100	\$0	\$0
	PWR	2009	Federal 319	\$34,079	\$50,484	\$50,484	\$29,967	\$24,192	\$555	\$0	\$0

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		End	Allocation	ACRA	To Install Unpaid Cropping Practice Commitments (1.)						
		Date	Pool	2002	2003	2004	2005	2006	2007	2008	2009
Wood	UYL	2004	Federal 319	\$4,674	\$20,000	\$20,000	\$0	\$0	\$0	\$0	\$0
Oneida Nation	DAA	2008	Federal 319	\$11,751	\$1,500	\$1,500	\$0	\$0	\$0	\$0	\$0
Pool Subtotal				\$1,999,997	\$2,168,790	\$1,915,366	\$1,431,945	\$899,962	\$513,700	\$378,305	\$276,087
GRAND TOTAL				\$2,386,619	\$2,386,492	\$2,102,465	\$1,588,824	\$1,029,360	\$617,200	\$476,605	\$276,087

Footnote 1. Assumes that CY 2002 cropping ACRA is used.